



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

The Queensborough Company

Person to be contacted regarding this report:	William F. Easterlin
CPP Funds Received:	\$12,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	1/9/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	1130904
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	2138
City:	Louisville
State:	Georgia

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	We were able to increase our loans by approximately \$20,000,000 as of September 09. Loans decreased during the last quarter such that our 12-31 to 12-31 increase was approximately \$12,000,000.
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<input checked="" type="checkbox"/>	<p>To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).</p>	<p>Most of the increase was in small business loans and owner occupied commercial real estate loans. We also increased our residential real estate loans by some \$7,800,000. Construction lending decreased by some \$12,000,000.</p>
<input type="checkbox"/>	<p>Increase securities purchased (ABS, MBS, etc.).</p>	
<input type="checkbox"/>	<p>Make other investments</p>	
<input checked="" type="checkbox"/>	<p>Increase reserves for non-performing assets</p>	<p>We increased our reserves during the year by approximately \$4,000,000.</p>

<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

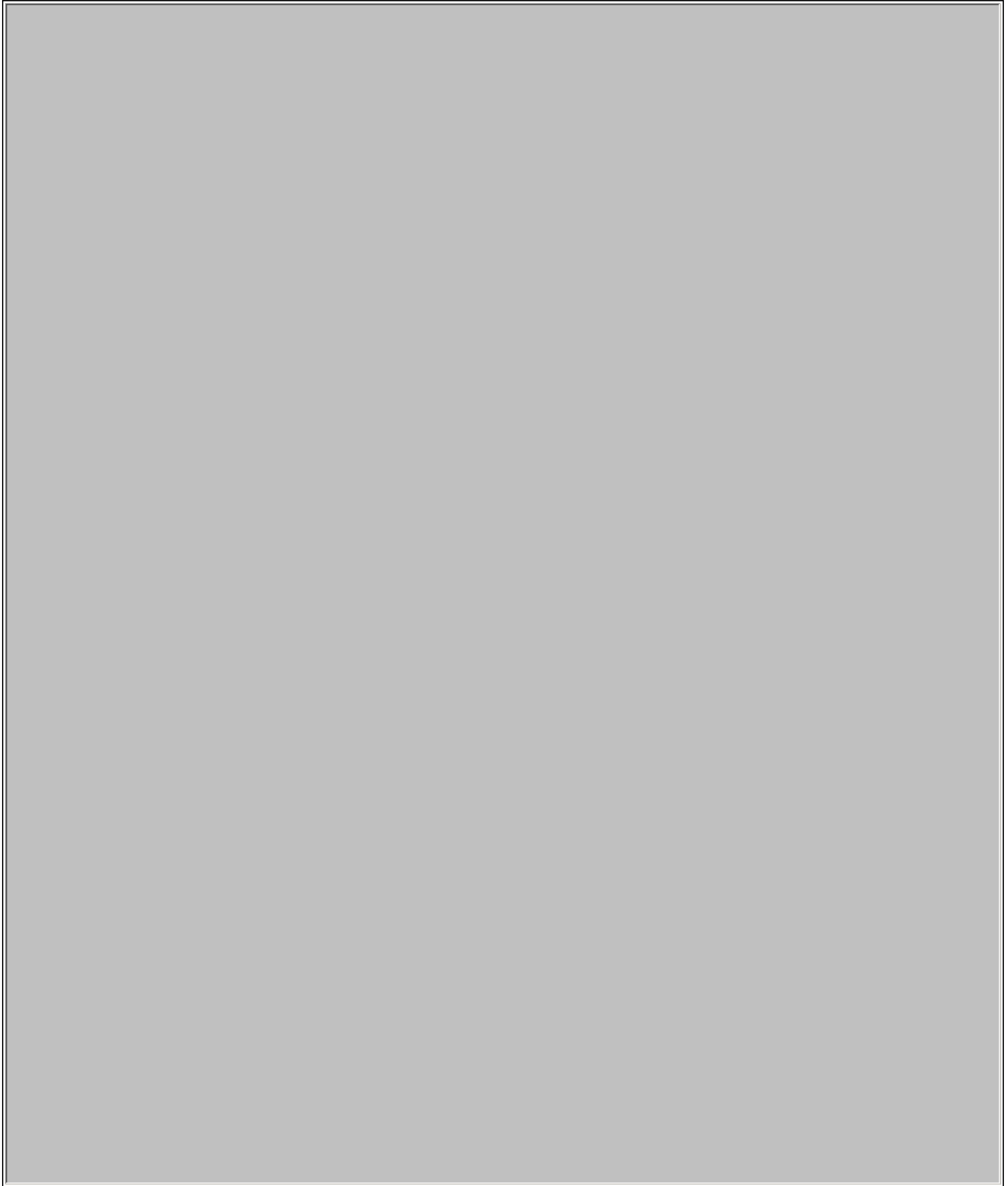
We were able to continue lending to our good customers. We saw many banks who did not qualify for CPP reduce their loan portfolio in order to protect their capital ratios. We did not need to implement this strategy and in fact increased our lending activities as cited above.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Many of the non-CPP banks moved to protect their capital ratio by asking better customers to bank elsewhere. Queensborough was in the position, because we received the CPP, to serve those legitimate credit needs.

The injection of the CPP strengthened our capital ratios. The rating services noted the differences and granted us a higher rating than many of the non-CPP banks in our area. As a result, many deposit customers moved funds to Queensborough. The bank experienced an increase in local deposits of approximately \$100,000,000 during the year without paying higher than market rates. We used much of the increase in liquidity to reduce dependence on wholesale funding by approximately \$39,000,000 and to increase on balance sheet liquidity.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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